

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northernmost county in the San Francisco Bay Area. It has a prominent agricultural sector and is a large producer of wine grapes. The county thrived in the late 1990s when technology was booming, but conditions turned negative during the “dotcom” bust in 2000. The county had just recovered all of the jobs lost during 2001 and 2002 when the 2008-09 recession began. In 2014, the region set a new employment record and is now home to 207,800 jobs. The county has a population of 504,000 people, the per capita income is \$54,769, and the average salary per worker is \$58,163.

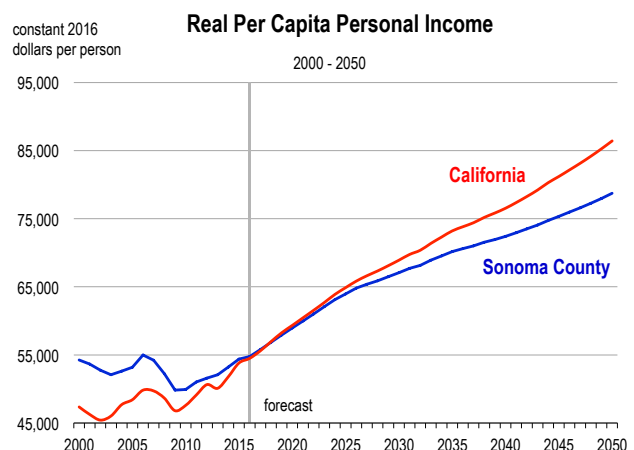
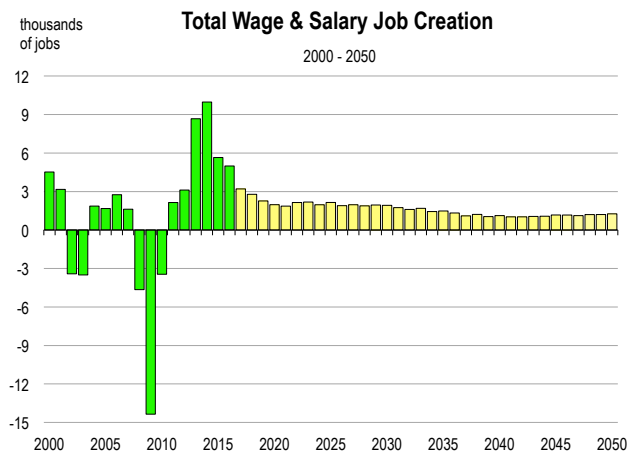
In 2016, employment in Northern California increased by 3.2 percent, whereas employment in the greater Bay Area grew by 3.3 percent. In Sonoma County 5,000 jobs were created, representing a growth rate of 2.5 percent. The unemployment rate improved during the year, falling from 4.5 percent in 2015 to 4.0 percent in 2016.

During 2016, the largest employment gains occurred in construction (+900 jobs), professional and business services (+690 jobs), government (+590 jobs), leisure and hospitality (+450 jobs), and financial activities (+350 jobs). The largest losses were observed in transportation and utilities (-90 jobs).

Between 2011 and 2016, the population of Sonoma County increased at an average rate of 0.7 percent per year. Net migration accounted for approximately two thirds of this growth, as the county gained an average of 2,300 net migrants each year.

FORECAST HIGHLIGHTS

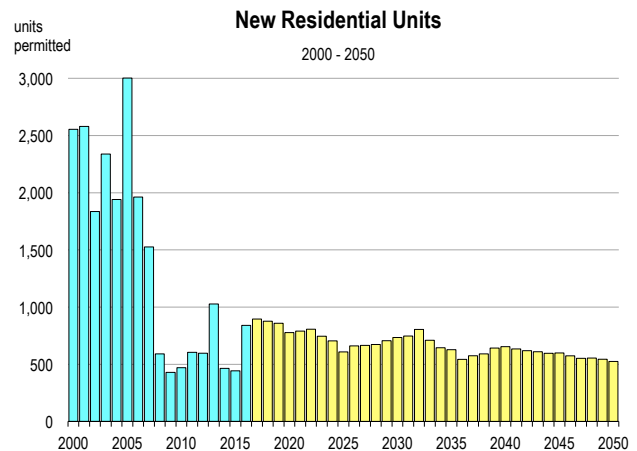
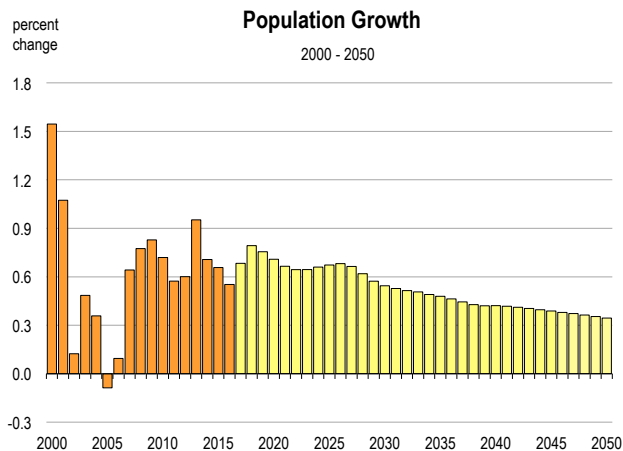
- Employment will expand by 1.5 percent in 2017. Between 2017 and 2022, the annual growth rate is expected to average 1.0 percent per year.
- Average salaries are currently below the California average, and are expected to remain so over the life of the forecast. In Sonoma County, inflation-adjusted salaries are expected to rise by an average of 2.2 percent per year between 2017 and 2022.
- The largest employment gains will be observed in leisure and hospitality, professional and business services, and education and healthcare. Combined, these sectors will account for 76 percent of net job creation in the county between 2017 and 2022.
- The population will increase by 0.7 percent in 2017. Throughout the entire 2017-2022 period, growth will average 0.7 percent per year.
- From 2017 to 2022, net migration is expected to average 2,700 individuals per year, accounting for almost 75 percent of all population growth.
- Real per capita income will increase by 1.9 percent in 2017. Between 2017 and 2022, real per capita income is expected to rise at a rate of 1.8 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 1.9 percent per year during the 2017-2022 period.
- Industrial production will increase by 4.4 percent in 2017. Between 2017 and 2022, the growth rate of industrial production will average 2.0 percent per year.
- Farm production is expected to increase at an average rate of 0.6 percent per year between 2017 and 2022. The principal crop in the county is the wine grape.



Sonoma County Economic Forecast

2010-2016 History, 2017-2050 Forecast

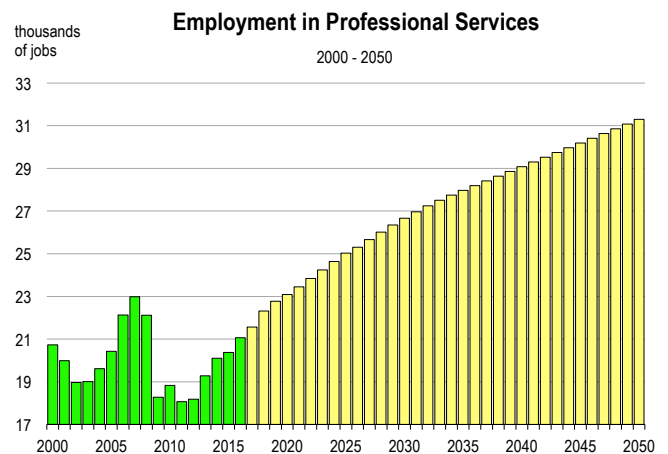
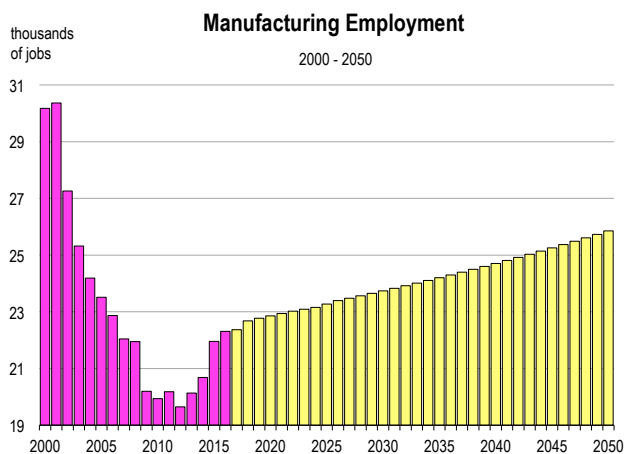
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	484,053	1,440	486	185.8	470	\$6.5	\$20.6	\$49,909	1.3	692.4	4.9	10.9
2011	486,830	1,313	484	186.2	604	\$7.0	\$21.8	\$51,009	2.7	662.9	4.7	10.3
2012	489,752	1,701	484	187.8	597	\$7.4	\$22.7	\$51,573	2.7	912.8	4.9	8.9
2013	494,416	3,492	501	189.8	1,027	\$8.0	\$23.7	\$52,081	2.3	922.0	5.2	7.1
2014	497,908	2,471	511	190.7	465	\$8.5	\$25.1	\$53,217	2.8	929.6	5.5	5.6
2015	501,182	2,239	522	191.4	442	\$8.7	\$26.5	\$54,392	2.6	779.2	5.8	4.5
2016	503,953	1,816	533	192.1	841	\$9.0	\$27.6	\$54,769	3.0	794.3	6.0	4.0
2017	507,396	2,573	543	193.4	895	\$9.4	\$29.2	\$55,784	3.1	798.9	6.2	3.7
2018	511,419	3,127	552	194.4	877	\$9.9	\$30.9	\$56,868	3.0	804.3	6.4	3.3
2019	515,280	2,934	561	195.3	859	\$10.4	\$32.5	\$57,926	2.6	809.3	6.5	3.4
2020	518,931	2,695	571	196.2	777	\$10.9	\$34.4	\$58,968	3.1	814.3	6.6	3.5
2021	522,382	2,468	579	197.0	790	\$11.4	\$36.3	\$60,001	3.0	819.5	6.7	3.5
2022	525,748	2,357	588	197.8	807	\$11.9	\$38.2	\$61,033	3.0	824.7	6.9	3.4
2023	529,137	2,362	596	198.7	745	\$12.4	\$40.3	\$62,083	3.0	830.0	7.0	3.3
2024	532,630	2,449	604	199.5	705	\$13.0	\$42.5	\$63,120	2.9	835.5	7.2	3.1
2025	536,214	2,539	612	200.2	608	\$13.6	\$44.6	\$63,962	2.9	841.0	7.3	3.0
2026	539,868	2,602	620	200.9	661	\$14.2	\$46.8	\$64,806	2.8	846.6	7.5	2.9
2027	543,453	2,536	626	201.6	665	\$14.8	\$48.9	\$65,385	2.9	852.3	7.6	2.8
2028	546,816	2,323	632	202.3	673	\$15.4	\$50.9	\$65,881	2.7	858.2	7.8	2.7
2029	549,948	2,098	638	203.0	706	\$16.0	\$52.9	\$66,466	2.5	864.2	8.0	2.7
2030	552,942	1,972	643	203.8	734	\$16.6	\$55.0	\$67,084	2.4	870.3	8.2	2.6
2031	555,858	1,909	648	204.5	747	\$17.3	\$57.1	\$67,714	2.3	876.5	8.4	2.6
2032	558,718	1,862	653	205.3	805	\$18.0	\$59.2	\$68,160	2.5	882.9	8.6	2.6
2033	561,548	1,858	658	206.1	710	\$18.8	\$61.4	\$68,910	2.1	889.4	8.9	2.6
2034	564,301	1,823	663	206.8	644	\$19.5	\$63.7	\$69,545	2.3	896.0	9.1	2.6
2035	567,006	1,831	668	207.4	627	\$20.3	\$66.2	\$70,168	2.4	902.8	9.4	2.6
2036	569,632	1,816	672	208.1	543	\$21.1	\$68.8	\$70,604	2.8	909.7	9.6	2.6
2037	572,165	1,786	676	208.6	574	\$21.9	\$71.5	\$71,004	2.9	916.8	9.9	2.6
2038	574,612	1,750	680	209.2	591	\$22.7	\$74.3	\$71,530	2.7	924.0	10.1	2.6
2039	577,028	1,763	684	209.7	642	\$23.5	\$77.2	\$71,956	2.9	931.4	10.4	2.6
2040	579,460	1,814	688	210.3	654	\$24.3	\$80.2	\$72,416	2.8	938.9	10.7	2.6
2041	581,880	1,834	692	211.0	634	\$25.1	\$83.2	\$72,936	2.6	946.6	11.0	2.6
2042	584,274	1,839	696	211.6	619	\$25.9	\$86.3	\$73,501	2.5	954.4	11.3	2.6
2043	586,635	1,833	700	212.2	610	\$26.7	\$89.4	\$74,083	2.4	962.4	11.6	2.6
2044	588,958	1,822	704	212.7	596	\$27.5	\$92.6	\$74,755	2.2	970.6	11.9	2.6
2045	591,245	1,811	709	213.3	599	\$28.4	\$96.0	\$75,350	2.4	978.9	12.2	2.6
2046	593,489	1,794	713	213.9	574	\$29.3	\$99.4	\$75,979	2.3	987.4	12.6	2.6
2047	595,699	1,784	717	214.5	552	\$30.2	\$102.9	\$76,621	2.3	996.1	12.9	2.6
2048	597,864	1,764	721	215.0	554	\$31.1	\$106.6	\$77,291	2.3	1005.0	13.3	2.6
2049	599,980	1,743	726	215.6	544	\$32.0	\$110.5	\$77,987	2.3	1014.1	13.6	2.6
2050	602,047	1,721	730	216.1	525	\$33.0	\$114.5	\$78,738	2.3	1023.3	14.0	2.6

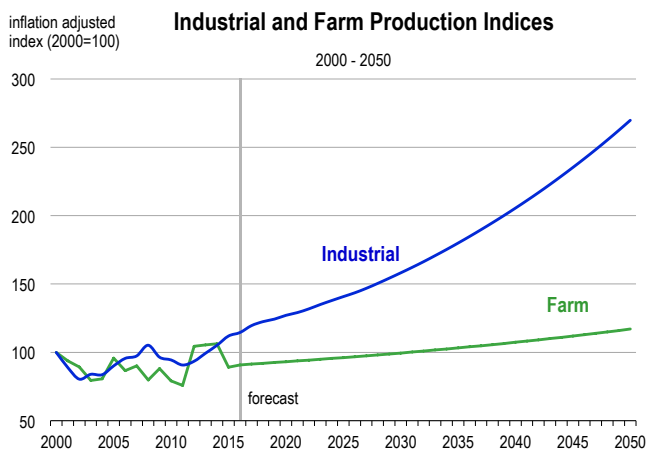
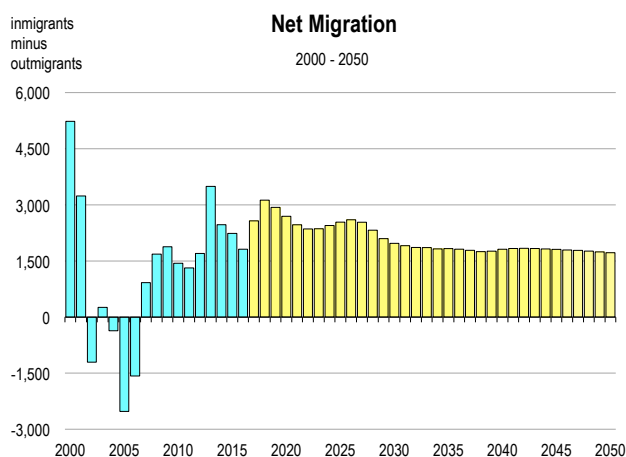
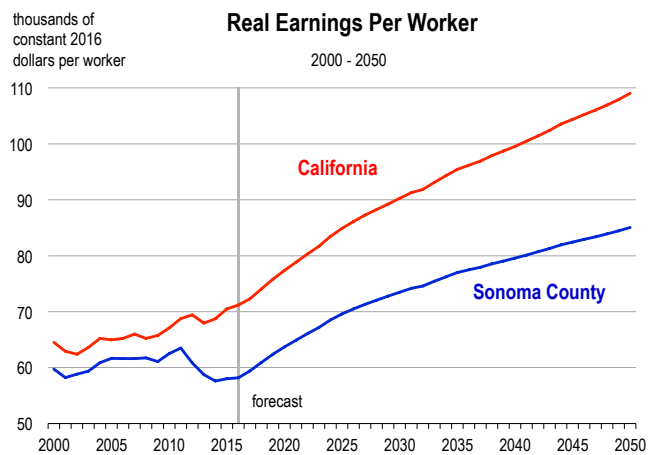
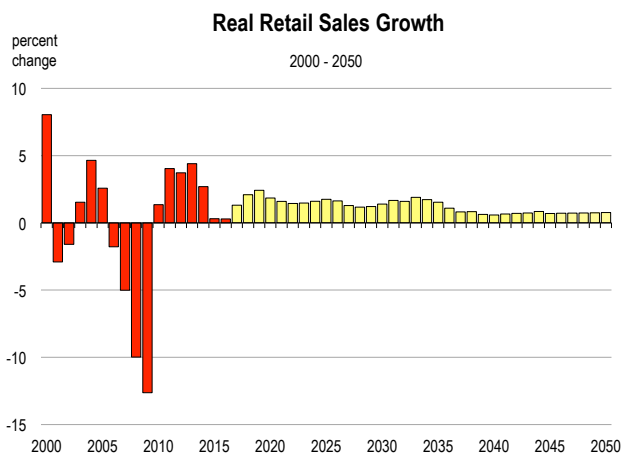


Sonoma County Employment Forecast

2010-2016 History, 2017-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2010	173.2	5.65	8.9	19.9	3.9	28.1	7.7	18.8	2.5	24.8	20.1	26.8
2011	175.4	5.79	8.6	20.2	3.8	28.6	7.6	18.1	2.5	25.0	20.5	28.4
2012	178.5	5.96	8.8	19.7	3.9	29.6	7.4	18.2	2.6	26.2	21.8	28.0
2013	187.2	6.26	9.9	20.1	4.1	31.0	7.4	19.3	2.6	27.9	22.8	28.9
2014	197.1	6.09	10.5	20.7	4.3	31.8	7.7	20.1	2.7	31.2	23.8	31.2
2015	202.8	5.99	11.6	22.0	4.3	32.2	8.1	20.4	2.7	32.1	24.6	31.8
2016	207.8	6.15	12.5	22.3	4.2	32.5	8.5	21.1	2.7	33.1	25.0	32.4
2017	211.0	6.17	12.7	22.4	4.2	32.8	8.7	21.6	2.7	34.0	25.4	32.8
2018	213.8	6.20	12.4	22.7	4.3	33.2	8.8	22.3	2.8	34.9	25.6	32.9
2019	216.0	6.22	12.3	22.8	4.4	33.5	8.9	22.8	2.8	35.7	25.9	33.0
2020	218.0	6.25	12.1	22.9	4.4	33.6	9.0	23.1	2.9	36.6	26.3	33.1
2021	219.9	6.27	11.8	22.9	4.4	33.7	9.1	23.4	2.9	37.5	26.8	33.2
2022	222.0	6.30	11.8	23.0	4.4	33.8	9.1	23.8	3.0	38.3	27.2	33.4
2023	224.2	6.32	11.7	23.1	4.4	33.9	9.1	24.2	3.0	39.2	27.7	33.5
2024	226.2	6.35	11.6	23.2	4.4	34.0	9.2	24.6	3.1	40.1	27.9	33.6
2025	228.3	6.38	11.6	23.3	4.4	34.1	9.2	25.0	3.1	40.9	28.1	33.9
2026	230.2	6.40	11.5	23.4	4.4	34.2	9.3	25.3	3.2	41.8	28.2	34.1
2027	232.2	6.43	11.7	23.5	4.4	34.3	9.2	25.7	3.2	42.7	28.4	34.2
2028	234.1	6.46	11.8	23.6	4.4	34.4	9.2	26.0	3.2	43.6	28.5	34.3
2029	236.0	6.49	11.8	23.7	4.4	34.5	9.2	26.3	3.3	44.4	28.8	34.5
2030	238.0	6.52	11.9	23.7	4.4	34.6	9.3	26.7	3.3	45.3	29.0	34.6
2031	239.7	6.55	11.9	23.8	4.4	34.7	9.3	27.0	3.3	45.9	29.3	34.7
2032	241.3	6.58	11.9	23.9	4.5	34.8	9.3	27.2	3.4	46.5	29.5	34.9
2033	243.0	6.61	11.9	24.0	4.5	34.9	9.4	27.5	3.4	47.1	29.8	35.0
2034	244.4	6.65	11.8	24.1	4.5	35.0	9.4	27.7	3.4	47.7	30.1	35.2
2035	245.9	6.68	11.8	24.2	4.5	35.1	9.4	28.0	3.5	48.3	30.3	35.3
2036	247.3	6.71	11.8	24.3	4.5	35.2	9.4	28.2	3.5	48.7	30.6	35.5
2037	248.4	6.75	11.7	24.4	4.5	35.2	9.3	28.4	3.5	49.0	30.9	35.6
2038	249.6	6.78	11.8	24.5	4.5	35.3	9.3	28.6	3.6	49.2	31.1	35.7
2039	250.6	6.82	11.8	24.6	4.5	35.3	9.3	28.9	3.6	49.4	31.4	35.8
2040	251.8	6.86	11.9	24.7	4.5	35.4	9.3	29.1	3.6	49.6	31.7	35.9
2041	252.8	6.89	11.9	24.8	4.5	35.4	9.3	29.3	3.7	49.7	32.0	36.1
2042	253.8	6.93	11.9	24.9	4.5	35.5	9.3	29.5	3.7	49.8	32.3	36.2
2043	254.9	6.97	11.9	25.0	4.5	35.5	9.3	29.7	3.7	49.9	32.5	36.4
2044	256.0	7.01	11.9	25.1	4.5	35.6	9.3	30.0	3.8	50.1	32.8	36.5
2045	257.1	7.05	11.9	25.3	4.5	35.6	9.3	30.2	3.8	50.3	33.1	36.7
2046	258.3	7.09	11.9	25.4	4.5	35.7	9.3	30.4	3.8	50.5	33.4	36.8
2047	259.4	7.13	11.8	25.5	4.5	35.7	9.4	30.6	3.8	50.8	33.7	37.0
2048	260.6	7.18	11.9	25.6	4.6	35.7	9.4	30.9	3.9	51.0	34.0	37.2
2049	261.8	7.22	11.9	25.7	4.6	35.8	9.4	31.1	3.9	51.3	34.3	37.3
2050	263.1	7.27	11.9	25.9	4.6	35.8	9.4	31.3	3.9	51.6	34.6	37.5





County Economic and Demographic Indicators

Projected Economic Growth (2017-2022)

Expected retail sales growth:	9.8%
Expected job growth:	5.2%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	13.4%

Expected population growth:	3.6%
Net migration to account for:	74.0%
Expected growth in number of vehicles:	8.3%

Demographics (2017)

Unemployment rate (April 2017):	3.2%
County rank* in California (58 counties):	5th
Working age (16-64) population:	64.2%

Population with B.A. or higher:	33.4%
Median home selling price (2016):	\$512,500
Median household income:	\$71,883

Quality of Life

Violent crime rate (2015):	361 per 100,000 persons
County rank* in California (58 counties):	28th
Average commute time to work (2017):	27 minutes

High school drop out rate (2016):	10.0%
Households at/below poverty line (2017):	7.2%

* The county ranked 1st corresponds to the lowest rate in California